AR32



ANNUAL REPORT 1972

GREYHOUND LINES OF CANADA LTD.



Prospect Point in Vancouver's Stanley Park.

1972:
Service that brought more Canadians together

Canada's vastness demands a highly efficient and adaptable form of public travel/communication. That Greyhound provides this indispensable link is proved by the Company's performance in its 45th year of service. Serving, as well as the metropolitan centres, many hundreds of remote communities with no other form of public transportation . . . providing fast, reliable shipping service . . . allowing visitors to *feel* more of the country . . . bringing more Canadians together via moderate rates and well-planned routes . . . all this makes Greyhound invaluable as a great Canadian Go-Between.

The President's Report to the Shareholders

Greyhound Lines of Canada Ltd. proudly celebrated 1972 as its 45th anniversary of providing safe, convenient and economical travel for Canadians. In 1958 your Company's shares were listed on The Toronto Stock Exchange to permit the Canadian public to participate in the growth of the Company. We are very grateful for the support and interest of our Canadian shareholders now numbering more than 4,500.

In presenting this annual report for the year ended December 31, 1972, your Directors are pleased to announce that your Company's revenue and earnings in 1972 were the highest in its history. Consolidated gross revenue increased 15.6% from $51,334,940 in 1971 to $59,339,330 in 1972. Consolidated net income increased 15.7% from $6,156,848 in 1971 to $7,121,079 in 1972. These amounts include non-recurring gains on disposal of tangible property of $514,573 in 1971 and $614,900 in 1972.

Earnings per share for 1972 were $1.52 including 13 cents per share to reflect the non-recurring gain of $614,900. This compares to $1.32 per share in 1971 which included a non-recurring gain of 11 cents per share. Quarterly dividends were increased to 15 cents per share in March and to 17 cents per share in December. Dividends for 1972 amounted to 62 cents per share compared to 50 cents per share in 1971.

Inter-city bus miles increased 3.35% to 36,251,624 while passenger and charter revenue increased 7.85% to $24,913,380 and express revenue increased 18.3% to $6,302,474.

Late in 1972 the Company ordered 30 new Super-7 Scenicruisers for delivery in 1973. Twenty of these fine buses have been delivered with the balance to follow during the summer.

New efficient express depots were opened in Vancouver, Penticton, and Edmonton to handle increased express volumes. Modern bus terminal facilities have been arranged for the Company in Kelowna and Sudbury. A garage service centre is under construction by the Company adjacent to the Sudbury terminal.

Combined air/bus tours for all seasons, particularly Skifari Tours and Trans Canada Highway Tours, are enjoying increasing popularity.

Motor Coach Industries Limited increased its gross revenues in 1972 by $4,537,977 to $23,236,947 through the production of 760 bus shells and finished buses (an increase of 160 over 1971). With increased sales and orders for 1973, a plant expansion program in excess of one million dollars is in progress for completion late this year. The expanded plant will enable Motor Coach to produce up to 1,000 bus shells and completed buses annually. It is interesting to note that in 1972 for the first time, MC-7 buses were sold "off-shore" when Australia purchased ten of these buses redesigned for right-hand drive.

Through its tours, hotel, chalet, snowmobile, and service stations, Brewster Transport Company Limited again experienced increased sales in the tourist industry. New garage service centres in Banff and Jasper have improved operating efficiency.

Indications are that 1973 will be another good year for your Company and management looks to the future with confidence.

Your Company employs over 3,000 Canadians and the Directors acknowledge with appreciation the loyalty and support of these employees.

Respectfully submitted on behalf of the Board of Directors.

R. L. Borden
President



New facilities to set new standards of Greyhound service

Throughout the year 1972 your Company continued to streamline its service facilities.

New, up-to-date depots in Calgary, Kelowna and Sudbury are proving themselves in terms of increased efficiency and customer comfort.

The sustained excellent showing of Greyhound Package Express, which breaks its own revenue records year after year, warranted the expansion of express facilities in Edmonton, Calgary, Vancouver, Penticton and Kelowna.

New garage service centres in Vancouver and Sudbury, plus Brewster facilities in Banff and Jasper, were other major phases in the 1972 program of upgrading and expansion to serve Greyhound customers.

Passenger-loading bays, Calgary.



Baggage handling. . .with care.



Kelowna depot.





Brewster garage, Jasper.

Penticton depot and express centre.

Garage service centre, Vancouver.





Brewster service station, Jasper.



The setting of the Vancouver service center.

Sudbury depot.







Calgary depot,
showing covered passenger-loading area.



Niagara Falls.



Ticket counter, Calgary.

A portion of the Calgary passenger concourse.



Front entrance, Calgary depot.

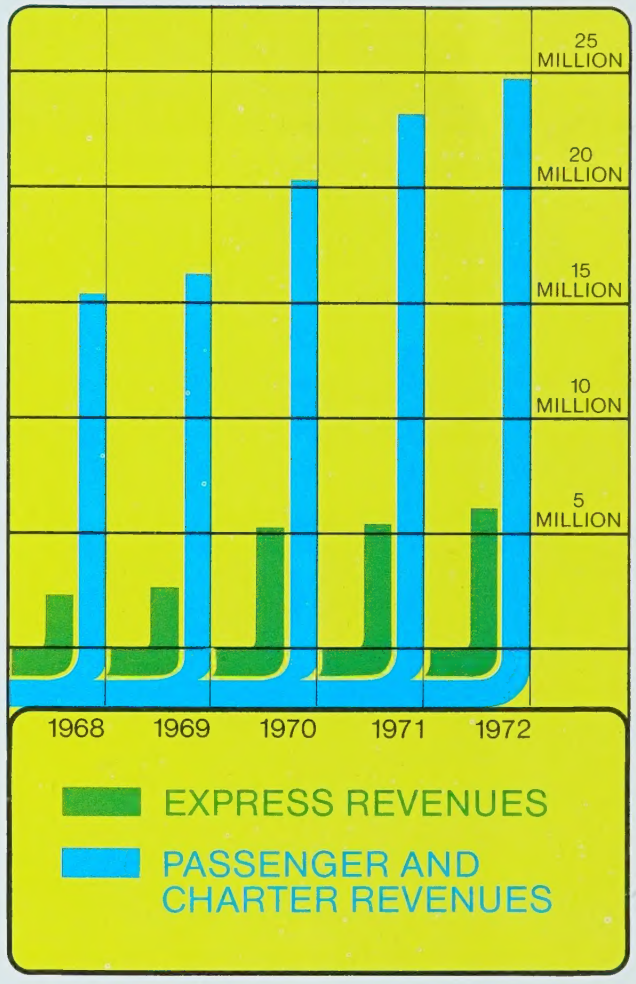


More passengers, more shippers turn to Greyhound service

During the past year, combined passenger and charter revenues reached more than one and three-quarter million dollars above 1971's record figure.

Greyhound Package Express also showed excellent performance, with revenues of well over $6 million—an impressive increase of more than 18%.

In your Company's 45th anniversary year, its buses travelled over a million miles more than in 1971, for a total exceeding 36¼ million bus-miles.



PACKAGE EXPRESS CALLS FOR BIG SERVICE FACILITIES

In package express volume sales Edmonton leads the Canadian cities, three of which are among the top twenty express market areas in North America. Standing twelfth, Edmonton showed a 14.5% increase over last year. This, plus the high throughput in other centres, more than warrants your Company's program of expansion to serve express shippers.

Loading an MC Super-7.



Calgary package express depot.



MCI serves expanding export markets

For Motor Coach Industries Limited, 1972 was a year of exciting developments. Of the 760 bus shells produced by the Company during the year, 85% went to export markets. These included U.S.A., Hawaii and Mexico—and, for the first time, Australia, with ten buses adapted for right-hand drive.

The Company's progress is demonstrated by the fact that the new MC Super-7 Scenicruiser is now the biggest-selling intercity bus in North America.

Successful production and expanding markets have led to a $1 million-plus plant expansion. This will provide greater potential for Canadian employment in the Winnipeg area. It will also enable MCI to produce up to 1,000 bus shells and finished buses annually.

The 2,000th MC-7 was completed by MCI on October 27.



MCI production line, 1972.

Export bus for Australia.





The 2,000th MC-7.

GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT DECEMBER

ASSETS

	1972	1971
CURRENT ASSETS		
Cash	$ 1,873,630	$ 851,271
Marketable securities, at cost (approximates market)	2,261,000	3,150,000
Accounts and notes receivable	2,014,316	1,760,672
Income taxes refundable	54,168	—
Due from affiliated companies	97,456	—
Inventories, at the lower of cost or net realizable value	6,513,385	6,312,763
Prepaid expenses	198,271	105,750
	13,012,226	12,180,456
OTHER ASSETS		
Notes receivable	832,610	963,470
PROPERTY AND EQUIPMENT, at cost		
Buses	17,074,629	15,449,245
Less depreciation	9,330,243	8,566,963
	7,744,386	6,882,282
Land	2,302,233	2,378,834
Buildings	10,407,440	10,426,710
Equipment	4,620,403	4,426,832
	17,330,076	17,232,376
Less depreciation	6,493,254	6,176,268
	10,836,822	11,056,108
	18,581,208	17,938,390
INTANGIBLES, at cost	3,920,260	3,937,176
	$36,346,304	$35,019,492

See notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. LONG-TERM DEBT

1973 cash flow projections indicate that the bank loan is not expected to be reduced in 1973. Accordingly, no portion of it is included in current liabilities. A substantial portion of the receivables and inventories have been pledged as collateral security for this demand loan.

2. STOCK OPTIONS

Under the incentive stock option plan established for certain officers and key employees of Greyhound Lines of Canada Ltd. and its subsidiaries, authority has been given to grant options on up to a maximum of 100,000 shares at an option price of the fair market value of the shares on the day the option is granted, exercisable in four annual installments beginning one year after grant.

During 1972 options were granted on 19,000 shares and options were cancelled on 1,000 shares, leaving a maximum of 4,500 shares available for future option grants. During 1972 options were exercised for cash on 10,900 shares, leaving option grants outstanding at December 31, 1972 on 37,725 shares at an average option price per share of $15.25.

, 1972

LIABILITIES AND SHAREHOLDERS' EQUITY

	1972	1971
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 3,168,716	$ 2,742,138
Salaries and wages	1,409,757	1,448,665
Due to affiliated company	—	43,506
Income taxes	—	1,680,056
	4,578,473	5,914,365
LONG-TERM DEBT (Note 1)		
Bank loan, secured	1,321,000	2,361,000
Due to affiliated company	—	642,924
	1,321,000	3,003,924
RESERVE FOR INJURIES AND DAMAGES	276,858	317,506
DEFERRED INCOME TAXES	2,574,434	2,555,593
SHAREHOLDERS' EQUITY		
Capital stock (Note 2)		
Authorized—9,600,000 common shares of no par value		
Issued —4,669,143 shares	8,065,914	7,927,314
Retained income	19,529,625	15,300,790
	27,595,539	23,228,104
Signed on behalf of the Board		
R. L. Borden Director		
W. S. Owen Director		
	$36,346,304	$35,019,492

3. REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid during the year to the Company's directors and officers was as follows:

	Directors	Officers
Greyhound Lines of Canada Ltd.	$ 12,200	$114,612
Subsidiaries	—	—

The Company has ten directors and eight officers, of which two officers are also directors.

4. OPERATING SEGMENTS

One of the consolidated subsidiaries derives its revenue from manufacturing as opposed to transportation and related services. The breakdown of the consolidated gross revenues between the two business segments is as follows:

	Gross revenues	
	1972	1971
Manufacturing	$23,236,947	$18,698,970
Transportation	36,102,383	32,635,970
	$59,339,330	$51,334,940

GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
Operating revenues (Note 4)	$59,339,330	$51,334,940
Operating expenses	45,260,749	38,233,117
Income from operations before the undernoted items	14,078,581	13,101,823
Income from investments	503,103	177,731
	14,581,684	13,279,554
DEDUCT		
Depreciation and amortization	2,033,777	1,847,864
Interest on long-term debt	186,728	202,415
	2,220,505	2,050,279
Income before income taxes and extraordinary gains	12,361,179	11,229,275
Income taxes	5,855,000	5,587,000
Income before extraordinary gains	6,506,179	5,642,275
Extraordinary gains on sale of property	614,900	514,573
NET INCOME	$ 7,121,079	$ 6,156,848
Net income per share, based upon average number of shares outstanding		
Income before extraordinary gains	$1.39	$1.21
Extraordinary gains	.13	.11
NET INCOME	$1.52	$1.32

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED INCOME FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
Balance beginning of year	$15,300,790	$11,471,888
Net income for the year	7,121,079	6,156,848
	22,421,869	17,628,736
Cash dividends paid $0.62 per share (1971 - $0.50 per share)	(2,892,244)	(2,327,946)
Balance end of year	$19,529,625	$15,300,790

CONSOLIDATED SOURCE AND USE OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
SOURCE OF FUNDS		
From operations		
Net income	$ 7,121,079	$ 6,156,848
Depreciation and amortization	2,033,777	1,847,864
Deferred costs	—	5,000
Deferred income taxes	18,841	(50,913)
Provision for injuries and damages	(40,648)	(50,849)
Extraordinary gains	(614,900)	(514,573)
Total from operations	8,518,149	7,393,377
Proceeds from sale of shares pursuant to stock option plan	138,600	46,952
Disposals of tangible property	1,045,629	1,497,145
Decrease in non-current notes receivable	130,860	—
	9,833,238	8,937,474
USE OF FUNDS		
Acquisition of tangible property	3,090,408	2,820,027
Dividends paid	2,892,244	2,327,946
Decrease in long-term debt	1,682,924	757,410
Increase in non-current notes receivable	—	439,085
Increase in intangibles	—	28,500
	7,665,576	6,372,968
Increase in working capital	$ 2,167,662	$ 2,564,506

AUDITORS' REPORT

The Shareholders
Greyhound Lines of Canada Ltd.

We have examined the consolidated balance sheet of Greyhound Lines of Canada Ltd. and its subsidiaries as at December 31, 1972 and the consolidated statements of income, retained income, and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972, the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 7, 1973

TOUCHE ROSS & CO.
Chartered Accountants.

Helping Canada's booming visitor industry with tours and tourist services

Tourism has become one of Canada's largest industries in terms of dollars brought in from other countries. During 1972, visitors to Canada spent a total of approximately $1.5 billion. Once again, Greyhound was ready with a varied range of tour services. Increases were seen in such popular package plans as the 21-day and 15-day Toronto-Vancouver Escorted Tours, Grand Ole Opry Tours and Fall Foliage Tour. To accommodate the demand, additional Fall Foliage Tours were operated.



New 60-day see-it-all service

The fall of 1972 saw the inauguration of AMERIPASS, a flexible travel-bargain which allowed 60 days of complete travel freedom in Canada and south-of-the-border U.S.A. For a modest $149.50, AMERIPASS passengers were able to choose their own routes, stop and go on again whenever and wherever they wished. Added convenience and route-availablility were provided by connecting carriers participating in the plan. AMERIPASS has proved itself deservedly popular, with thousands of passengers responding to the plan. Your company will continue it in 1973 with modifications.

Trans Canada highway tours

Your Trans Canada Highway Tours Division had another excellent year. While the scenic Royal Glacier and Royal Yellowhead tours drew 85% of their business from the Eastern Seaboard, there was also increased business from overseas—mainly Australia and Japan. Overseas travel agents and Interline personnel were brought in for familiarization tours provided by your Company. CP Air, and Japan Air Lines in co-operation with Air Canada, participated in these projects.

Greyhound continued to work closely with provincial tourism bodies and the Canadian Government Travel Bureau in varied promotional ventures.

Mount Robson on the Yellowhead Highway.



Sunshine Village ski resort.



SKIFARI

By encouraging skiers from the east to visit their own Canadian winter-holiday resorts, Greyhound plays an increasingly important role in the growing winter travel market. In 1972 Skifari Tours, a joint venture with Air Canada, brought some 2,800 skiers to the Canadian Rockies. The tours combine air transportation with week-long bus touring of the western ski slopes.

Brewster Transport's role in Greyhound's tourist-service system

Brewster Transport, with its spectrum of tourist facilities, made another major contribution to the visitor industry in the Canadian Rockies.

In the ski resort of Banff a "Happy Bus" service was inaugurated, giving residents and visitors a new, convenient way to tour the entertainment centres. Among its most enthusiastic passengers are skiers, brought in by Skifari Tours, with no local transportation of their own.

The summer tours on the Columbia Icefields, utilizing 40-passenger Snocruisers, show continued popularity. Improved accommodation was provided at the Columbia Icefields, in addition to Brewster's garage and service station additions in Banff and Jasper.

The Brewster-operated Gray Line city sightseeing tours saw continued growth in both Calgary and Edmonton.

Sunshine parking lot, Banff National Park.



Brewster Grayline at Heritage Park, Calgary.





The day lodge, Sunshine Village.



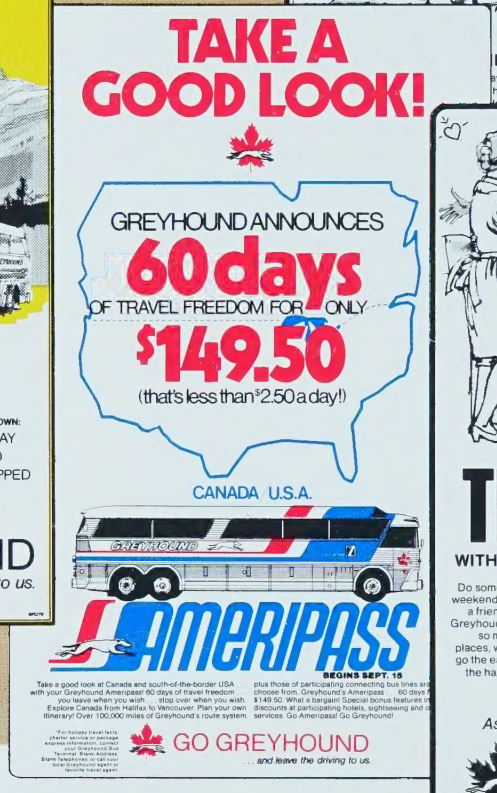
Marketing the service

The 1972 advertising activity utilized a media selection including newspapers, magazines, radio, television, sales literature and depot display signs. In marketing the service, your Company again took part in tourism promotions at federal and provincial levels.











Above all—service with safety

Your Company presented safe driving awards to 441 Greyhound drivers in 1972. These drivers represented a combined total of well over four thousand safe driving years—and a grand total of 267,215,000 accident-free miles. Each driver averaged annual milage equivalent to more than sixteen trips coast-to-coast along the Canada/U.S.A. border.

The number of miles between collisions rose to 233,881, a 30% improvement over the 1971 record. Considering the ever-increasing traffic congestion, these figures speak as a proud record of Greyhound driver safety.

GREYHOUND LINES OF CANADA LTD.

HEAD OFFICE:
222 First Avenue S.W., Calgary, Alberta T2P OA6

A Canadian company meeting a spectrum of transportation needs for the public, trade, commerce and government with • passenger service • charter service • tour service • package express service • motor coach manufacturing. The company has over 4,500 Canadian shareholders and 3,000 Canadian employees.

DIRECTORS

R. C. Batastini	C. S. Munson
R. L. Borden	W. S. Owen, Q.C., LL.D.
C. J. Clark, Q.C.	R. F. Shaffer
J. L. Kerrigan	J. H. Taylor
J. A. Knight, C.A.	G. H. Trautman

OFFICERS

R. L. Borden President	G. T. Christie Assistant Secretary
F. E. Lake Treasurer	F. L. Mogen Vice President, Sales and Traffic
J. A. Knight, C.A. Secretary	H. B. de Wynter Vice President, Transportation and Labour Relations

STOCK TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
Montreal Toronto Winnipeg Calgary Vancouver

A tour Scenicruiser at Banff.





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